

**MEMORANDUM**

**To** Board of Regents

**From:** Board Office

**Subject:** Sale and Award of \$18,250,000 Parking System Revenue Bonds, Series S.U.I. 2004

**Date:** May 10, 2004

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**Recommended Action:**

Adopt the following resolutions, subject to receipt of acceptable bids:

1. A Resolution providing for the sale and award of \$18,250,000 Parking System Revenue Bonds, Series S.U.I. 2004, and approving and authorizing the agreement of such sale and award.
2. A Resolution authorizing and providing for the issuance and securing the payment of \$18,250,000 Parking System Revenue Bonds, Series S.U.I. 2004, for the purpose of financing all or a part of the costs of constructing, extending, equipping and improving University parking facilities on the campus of The State University of Iowa, funding a debt service reserve fund, and paying the costs of issuing the Bonds.

**(ROLL CALL VOTE)**

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**Executive Summary:**

The Board is asked to adopt two resolutions related to the sale, award and issuance of \$18,250,000 Parking System Revenue Bonds, Series S.U.I. 2004.

At its April 2004 meeting, the Board authorized the Executive Director to fix the date(s) for the sale of the bonds, which would be sold to finance construction of the Melrose Avenue Parking Facility Expansion project.

The Board approved, at its September 2003 meeting, the schematic design and budget (\$16,500,000) for the project, which would construct a new parking ramp adjacent to the existing Melrose Parking Facility on the west campus.

Principal on the bonds would be repaid over a period of 20 years, with debt service of approximately \$1,405,000 annually to be paid from the net income of the Parking System.

The University's Parking System is a self-supporting operation.

Interest on the bonds would be exempt from federal and state taxes (double tax-exempt) for individuals who are Iowa residents and purchase the bonds.

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**Background:**

Statutory Provisions	Under the provisions of <u>Iowa Code</u> Chapter 262, the Board is authorized to construct, equip, maintain and operate self-liquidating and revenue producing facilities at the universities; the Board is also authorized to borrow money to construct or improve these facilities.
	The sources of repayment are the income and revenues to be derived from the operation or use of the facility and from any fees or charges implemented by the Board to students for whom the facilities are made available.
Project Approval	In September 2003, the Board approved the schematic design and project description and budget (\$16,500,000) for the Melrose Avenue Parking Facility Expansion project which would construct a new parking ramp between the Field House and the UIHC Pomerantz Pavilion on the west campus to provide an additional 571 parking spaces.

**Analysis:**

Issue Size	Components of the \$18,250,000 bond are estimated to include: <ul style="list-style-type: none"> <li>• project costs (estimated at \$16,500,000);</li> <li>• debt service reserve (estimated at \$1,409,100);</li> <li>• bond discount (estimated at \$255,500); and</li> <li>• issuance costs (estimated at \$85,400).</li> </ul>
Outstanding Bonds	The outstanding principal of the Parking System existing bonds, as of May 1, 2004, is \$9,395,000; the last maturity is 2019.
Debt Service Payments	Annual debt service payments on the new bonds would average approximately \$1,405,000; there would be 20 principal payments.
Sources of Repayment	The new bonds would be issued on a parity with the outstanding bonds, with the source of repayment continuing to be parking system revenues, which include parking fees and fines.
Receipt of Bids	The receipt and opening of bids is scheduled for 10 a.m. on Wednesday, May 19, 2004 and the award is scheduled for later that day.  A representative of Springsted, Inc. will report on the bids received and make a recommendation to the Board for award of the bonds.
Resolutions	Copies of the resolutions, which were prepared by Ahlers & Cooney, P.C. and reviewed by Springsted, Inc., are available from the Board Office.

Bond Specifics	Average Maturity:	12.9 Years
	Bonds Dated:	June 1, 2004
	Interest Due:	January 1, 2005, and July 1 and January 1 to maturity
	Interest Exemption:	Exempt from federal and state taxes for individual purchasers who are residents of Iowa
	Principal Due:	July 1, 2006 - 2025
	Optional Call:	Bonds maturing on or after July 1, 2015 are callable commencing November 1, 2014 and any date thereafter at par
	Denomination:	\$5,000 and integral multiples thereof

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Joan Racki

Approved:   
Gregory S. Nichols